



DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Risk Management Agency

[Docket No. FCIC-23-0002]

Notice of Funding Availability; Additional Payment to Approved Insurance

Providers

AGENCY: Federal Crop Insurance Corporation and Risk Management Agency, U.S. Department of Agriculture (USDA).

ACTION: Notification of funding availability.

SUMMARY: The Risk Management Agency (RMA), on behalf of the Federal Crop Insurance Corporation (FCIC), announces the availability of funding under the Additional Payment (ADD PAY) Program. The ADD PAY Program is a one-time additional payment to Approved Insurance Providers (AIP) administering eligible crop insurance contracts for 2021 reinsurance year specialty crops. The total funding available for the ADD PAY Program is \$25 million. Funding for the ADD PAY Program will be distributed to AIPs proportionally based on their respective liabilities for eligible crop insurance contracts for 2021 reinsurance year specialty crops.

FOR FURTHER INFORMATION CONTACT: David Zanoni; telephone: (816) 507-9302; email: david.zanoni@usda.gov. Persons with disabilities who require alternative means for communication should contact the USDA Target Center at (202) 720-2600 (voice and text telephone (TTY)) or dial 711 for Telecommunications Relay Service (both voice and text telephone users can initiate this call from any phone).

SUPPLEMENTARY INFORMATION:

Background

This document specifies the terms and conditions of the ADD PAY Program. The Risk Management Agency, on behalf of FCIC, will administer the ADD PAY Program. The ADD PAY Program will provide an additional payment to AIPs administering eligible crop insurance contracts for specialty crops for the 2021 reinsurance year.

Funding is for the administration of crop insurance contracts for specialty crops for the 2021 reinsurance year.

Definitions

ADD PAY means Additional Payment Program.

Annual settlement means the settlement of accounts between the Company and FCIC for the reinsurance year, beginning with the October monthly transaction cutoff date following the end of the subsequent reinsurance year and continuing monthly thereafter, as necessary.

A&O Subsidy means the subsidy for the administrative and operating expenses paid by FCIC on behalf of the policyholder to the Company for additional coverage level crop insurance contracts in accordance with section 508(k)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)).

Approved Insurance Provider (AIP) means a legal entity (also referred to in this document as “the Company”) which has entered into a Standard Reinsurance Agreement (SRA) with FCIC for the applicable reinsurance year.

Eligible crop insurance contract means an insurance contract with an eligible producer:

- (1) Covering an agricultural commodity authorized to be insured under the Federal Crop Insurance Act and approved for sale by FCIC,
- (2) With terms and conditions in effect as of the applicable contract change date,

- (3) That is sold and serviced in accordance with the Federal Crop Insurance Act, FCIC regulations, FCIC procedures, and the SRA, and
- (4) That has a sales closing date within the reinsurance year.

FCIC means the Federal Crop Insurance Corporation, a wholly owned Government Corporation of USDA that administers the Federal Crop Insurance Program.

Liability means your total amount of insurance, value of your production guarantee, or revenue protection guarantee for the unit determined in accordance with the Settlement of Claim provisions of the applicable Crop Provisions.

Net book premium means the premium amount established by FCIC for eligible crop insurance contracts in accordance with section 508(d)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)), less any amount for A&O subsidy.

Qualifying crop insurance contract means an eligible crop insurance contract for a 2021 reinsurance year specialty crop.

Reinsurance year means the term of the SRA beginning July 1 and ending on June 30 of the following year and, for reference purposes, identified by the year containing June.

RMA means the Risk Management Agency, USDA.

Specialty crop means agricultural commodities described in section 101 of title I of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note), including fruits and vegetables, tree nuts, dried fruits, horticulture nursery crops, and other crops listed on the RMA specialty crops webpage at <https://www.rma.usda.gov/en/Topics/Specialty-Crops>.

Standard Reinsurance Agreement (SRA) means the agreement between an AIP and FCIC by which the insurer transfers to FCIC certain liabilities arising from the insurer's sales of insurance policies in return for a portion of premium monies and administrative expense reimbursements.

USDA means United States Department of Agriculture.

Eligibility for ADD PAY Program

To be eligible for additional payment under the ADD PAY Program, the participant must be an AIP who administered one or more eligible crop insurance contracts for specialty crops for the 2021 reinsurance year. A complete list of the specialty crops eligible for the ADD PAY Program can be found on the RMA website at <https://www.rma.usda.gov/en/Topics/Specialty-Crops>.

Funding Available for ADD PAY Program

The total funding available for the ADD PAY Program is \$25 million. Funds from section 771 of the Consolidated Appropriations Act, 2023, (Pub. L. 117-328) will be used for the ADD PAY Program.

Calculating and Accounting ADD PAY Program Amounts

The ADD Pay Program amount for each AIP will be equal to the difference between the amount to be paid pursuant to the SRA for qualifying crop insurance contracts and the amount that would be paid if such contracts were not subject to a reduction described in section III(a)(2)(G) of the SRA but subject to a reimbursement rate equal to 17.5 percent of the net book premium.

If the total additional payment sum of \$25 million for the ADD PAY Program is reached or may be reached, the RMA Administrator will prorate ADD PAY amounts due so that a total of \$25 million is paid. In such a case, funding for the ADD PAY Program will be distributed to AIPs proportionally based on their respective liability for qualifying crop insurance contracts.

The ADD PAY Program will be administered based on the book of business at first annual settlement date for the 2021 reinsurance year. The payment will be final upon receipt and will not be altered based on any subsequent updates to premium or liability of qualifying crop insurance contracts made after that date.

Specifically, RMA will calculate the additional payment amounts under the ADD PAY Program as follows:

- (1) For each qualifying crop insurance contract subject to a reduction described in section III(a)(2)(G) of the SRA,¹ calculate 17.5 percent of net book premium;
- (2) If the result of (1) is greater than the actual A&O subsidy paid for the qualifying crop insurance contract:
 - (a) Subtract the actual A&O subsidy paid from the result of (1);
 - (b) Calculate total liability;
- (3) Sum the results of (2a) by AIP;
- (4) Sum the results of (3) across all AIPs;
- (5) If the result of (4) is less than or equal to \$25 million, then pay each AIP their respective amount from (3);
- (6) If the result of (4) is greater than \$25 million, then:
 - (a) Sum the results of (2b) by AIP;
 - (b) Sum the results of (6a) across all AIPs;
 - (c) Divide (6a) by (6b) to establish each AIP's proportion of total liability;
 - (d) Multiply \$25 million by the result of (6c) for each AIP; and
 - (e) Pay each AIP their respective amount from (6d).

Paperwork Reduction Act Requirements

In accordance with the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35, subchapter I), the notice does not change the information collection approved by OMB under control numbers 0563-0053.

¹ See 2021 Standard Reinsurance Agreement at: <https://www.rma.usda.gov/-/media/RMA/Regulations/Appendix-2021/21sra.ashx?la=en>.

Environmental Review

The environmental impacts of this final rule have been considered in a manner consistent with the provisions of the National Environmental Policy Act (NEPA, 42 U.S.C. 4321–4347), the regulations of the Council on Environmental Quality (40 CFR parts 1500–1508), and because USDA will be making the payments to producers, the USDA regulation for compliance with NEPA (7 CFR part 1b). As specified in 7 CFR 1b.4, FCIC is categorically excluded from the preparation of an Environmental Assessment or Environmental Impact Statement unless the FCIC Manager (agency head) determines that an action may have a significant environmental effect. The FCIC Manager has determined this notice will not have a significant environmental effect. Therefore, FCIC will not prepare an environmental assessment or environmental impact statement for this action, and this notice serves as documentation of the programmatic environmental compliance decision.

Federal Assistance Programs

The title and number of the Federal assistance programs, as found in the Assistance Listing,² to which this document applies is 10.450 – Crop Insurance.

USDA Non-Discrimination Policy

In accordance with Federal civil rights law and USDA civil rights regulations and policies, USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family or parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights

² See <https://sam.gov/content/assistance-listings>.

activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Individuals who require alternative means of communication for program information (for example, braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA TARGET Center at (202) 720-2600 (voice and text telephone (TTY)) or dial 711 for Telecommunications Relay Service (both voice and text telephone users can initiate this call from any phone). Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA and provide in the letter all the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by mail to: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or email: OAC@usda.gov.

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Marcia Bungler,
Manager,
Federal Crop Insurance Corporation; and
Administrator,
Risk Management Agency.

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